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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts	Docket No. 12-035-100
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PREFILED REBUTTAL TESTIMONY OF CHRISTINE MIKELL

[STAY]

Wasatch Wind hereby submits the Prefiled Rebuttal Testimony of Christine Mikell with respect to the stay requested by Rocky Mountain Power in this docket.

DATED this 7th day of December, 2012.

/s/ _____
Gary A. Dodge,
Attorney for Wasatch Wind

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 7th day of December, 2012, on the following:

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BEFORE
THE PUBLIC SERVICE COMMISSION OF UTAH

Rebuttal Testimony of Christine Mikell

on behalf of

Wasatch Wind Intermountain, LLC

Docket No. 12-035-100

[Stay]

December 7, 2012

1 **REBUTTAL TESTIMONY OF CHRISTINE MIKELL**

2
3 **Q. Please tell us who you are.**

4 A. I am Christine Mikell, the President of Wasatch Wind Intermountain, LLC
5 (Wasatch Wind). I filed direct testimony in this docket on behalf of Wasatch
6 Wind.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. My rebuttal testimony responds to the prefiled direct testimony filed on
9 November 30, 2012 in this docket by Charles Peterson of the Utah Division of
10 Public Utilities (Division), Bela Vastag of the Utah Office of Consumer Services
11 (Office) and Sarah Wright of Utah Clean Energy.

12 **Q. Please provide a brief summary of your rebuttal testimony.**

13 A. As explained in my Direct Testimony, the “stay” requested by Rocky
14 Mountain Power (RMP) is not in the public interest and is unfair and
15 discriminatory with respect to Wasatch Wind. I generally agree with Mr.
16 Peterson’s proposal to use the existing Market Proxy pricing methodology for
17 wind QF projects comparable to Blue Mountain and for those currently in the
18 “queue,” although I disagree with his specific proposed deadline. Mr. Vastag is
19 incorrect in assuming that a stay would not cause significant negative impacts on
20 development of existing wind QF projects in Utah and in prejudging the outcome
21 of phase 2 of this docket. Ms. Wright is correct that important public policy
22 considerations require a denial of the stay requested by RMP.

23 **Q. Please provide a brief summary of Mr. Peterson's proposal as you**
24 **understand it.**

25 A. Mr. Peterson confirms that it is premature for the Division (or the
26 Commission, Office, RMP or any other person or entity) to attempt to determine
27 appropriate wind QF pricing based on the limited record in this case. He opposes
28 the stay as to current wind QF projects "similarly situated" to Blue Mountain, or
29 as to wind QF projects currently in the RMP "queue," so long as those projects
30 are timely completed. Mr. Peterson also offers some suggestions on timing. He
31 supports an October 9, 2012 deadline for a wind QF project to have requested
32 indicative pricing and to have applied for interconnection to be considered in the
33 queue. He also suggests a September 1, 2013 deadline for a wind QF project to
34 have a "signed power purchase agreement" (line 117) or to be "on-line" (line
35 149). I note that it is not clear which of these two milestones he intended to
36 suggest, as the date of PPA execution and a project's on-line date are almost
37 certain to be very different dates.

38 **Q. What is your response to Mr. Peterson's proposal.**

39 A. For the most part I believe it is a reasonable approach, at least insofar as it
40 would apply to Wasatch Wind. However, I do not agree with a September 1,
41 2013 deadline for either PPA execution or commercial operation. I do not believe
42 either is reasonable or achievable, even under good circumstances.

43 In my direct testimony, I indicated that a wind developer must have
44 relative certainty that that the offered QF pricing methodology will remain in

45 place during a “reasonable development process” (line 183). I see Mr. Peterson’s
46 testimony as consistent with this notion, and as an initial attempt to identify a
47 reasonable end-date for completing wind QFs currently in the queue. I agree with
48 the intent, but I disagree with the specific milestone suggestions.

49 As explained in my direct testimony, wind project development is
50 complicated, expensive and time-consuming. The Latigo project has been under
51 development since 2006, although it has required a longer development period
52 than one would typically expect. From this point forward, a reasonable remaining
53 development period is a year or more to commence construction and two years or
54 more to reach commercial operation. If the stay is denied and we are able to
55 resume development efforts, we hope to be able to be under construction by
56 December 31, 2013, and to reach commercial operation by December 31, 2014.
57 Those are the deadlines we will face if the production tax credit (PTC) is extended
58 for one additional year. Any shorter deadlines would impose unrealistic and
59 unnecessary restrictions. Given these practical financial deadlines, I see no need
60 for additional or arbitrary deadlines. Wind developers have every incentive to
61 move as quickly as possible to complete their projects and begin collecting
62 revenue.

63 Also, I would caution against using milestones based on factors such as
64 PPA execution, because the date of execution of a contract can be manipulated by
65 a party simply by not timely negotiating or signing. Instead, if any additional
66 milestones are needed, they should be tied to PTC milestones.

67 **Q. One of Mr. Peterson’s suggestions is that projects “similarly situated” to**
68 **Blue Mountain should receive Market Proxy-based pricing. Do you agree?**

69 A. Yes. In fact, I think that approach is necessary to avoid discrimination,
70 which I believe is prohibited both under PURPA and Utah law. Our Latigo
71 project is clearly situated similarly to Blue Mountain. Wasatch Wind, like the
72 Blue Mountain developer, reasonably relied on the availability of the
73 Commission-approved Market Proxy pricing methodology in pursuing
74 development, obtained indicative pricing based on that methodology, has largely
75 completed the interconnection process, encountered unavoidable development
76 delays, and is now attempting to complete development. Also like Blue
77 Mountain, we learned that RMP was attempting to backtrack on the offered QF
78 pricing earlier this year and we are taking steps to confirm the continued
79 availability of that pricing so that we can attempt to complete development.

80 **Q. Do you have any final comments on the Division’s testimony?**

81 A. Yes. I appreciate that the Division is making a good faith effort to protect
82 the interests of utility ratepayers, developers and all Utahns, and that it is not
83 attempting to pre-judge the outcome of phase 2 of this docket, as RMP and the
84 Office are doing.

85 **Q. The Office supports RMP’s requested stay and suggests that the stay should**
86 **not affect projects currently under development and should create certainty**
87 **for pending and future projects. What is your response?**

88 A. I agree with one point made in Mr. Vastag's testimony: If the requested
89 stay is granted, it will provide certainty for wind QF projects in Utah. It will
90 certainly kill them. Beyond that, I believe Mr. Vastag's assumptions and
91 conclusions are largely incorrect.

92 Mr. Vastag apparently assumes, based on confusing testimony in Mr.
93 Clements' prefiled direct testimony, that the indicative pricing obtained by
94 Wasatch Wind from RMP was based on the Proxy PDDRR methodology. In fact,
95 as explained in my direct testimony, we pursued development of the Latigo
96 project using indicative pricing we received from RMP in 2010 and 2011 based
97 on the Market Proxy method. It was only earlier this year that RMP first
98 suggested that the pricing methodology should be changed. RMP's suggestion
99 was predicated on two incorrect RMP assumptions, i.e., that transmission
100 constraints might affect pricing for the Latigo project, and that the 1,400 MW IRP
101 target referenced in the Commission's 2005 Order has already been reached. We
102 relied upon the Market Proxy pricing in all of our development efforts, which
103 efforts essentially came to a halt when RMP attempted to retract its pricing.

104 Mr. Vastag's suggestion that the stay will not necessarily impact projects
105 under development is apparently based on the belief that Wasatch Wind will
106 either continue development efforts notwithstanding pricing uncertainty or that
107 we can wait for the Commission's resolution in phase 2 of this docket and then
108 proceed to complete the project. Neither belief is correct. Development cannot
109 proceed without certainty of pricing based on the Market Proxy methodology, and

110 a phase two decision in mid-2013 will not afford adequate time for us to complete
111 the financing and other work necessary to meet the 2013 commencement of
112 construction deadline or the 2014 commercial operation deadline for claiming an
113 extended PTC. Without the PTC, the Latigo project will not be economic.
114 Without certainty of Market Proxy pricing, we cannot continue development
115 efforts necessary to qualify for the PTC.

116 In addition, Mr. Vastag makes the same critical leap in logic made by Mr.
117 Clements. He assumes that the current Commission-approved pricing
118 methodology should be changed without first conducting a complete analysis or
119 considering evidence that will be introduced in phase 2 of this docket. That type
120 of circular thinking is not in the public interest and cannot support the requested
121 stay.

122 **Q. What is your response to the testimony of Sarah Wright?**

123 A. Ms. Wright does an excellent job of laying out many of the important
124 public policy issues implicated in this proceeding. I encourage the Commission
125 to give those issues serious consideration in responding to the requested stay, as
126 well as in reaching an informed decision in phase 2 of this docket.

127 **Q. Does this conclude your rebuttal testimony?**

128 A. Yes, it does.